



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

COMMISSIONER
SMALL BUSINESS/SELF-EMPLOYED DIVISION

JAN 28 2003

MEMORANDUM FOR DEPUTY INSPECTOR GENERAL FOR AUDIT

FROM:

Joe G. Kehoe
Joseph G. Kehoe
Commissioner Small Business/Self-Employed Division

SUBJECT:

The Treasury Inspector General for Tax Administration (TIGTA) Draft Audit Report - Actions are Being Taken to Improve the Automated Collection System, but a More Effective Planning and Management Framework is Needed (Audit No. 200130047)

I reviewed your report on the actions we took to improve the Automated Collection System (ACS). The objective of this review was to evaluate the effectiveness of the Small Business/Self-Employed Division's efforts to meet taxpayer demands for access to ACS. We agree with your recommendations and are glad you recognize our efforts to improve the system. However, we disagree with your assessment of our program, in which you state that not enough information is provided to the Compliance functions about staff, workstations and trunks supporting ACS call sites. At the time of your review, the Joint Operations Center (JOC) liaison had access to information on the number of available assistants, the number of workstations, and the number of trunks supporting the ACS call sites. We have since expanded access to the information.

We recognize we need to improve our ability to meet taxpayers' demand for access to the ACS Program. We are taking actions to improve access by:

1. Working with contract consultants to develop new ACS management processes.
2. Developing a new workforce management process to identify resource availability and assigned workload to apply staffing to forecasted workloads.
3. Conducting a pilot test of Tele-Center Workforce Management System (TCWMS) at two ACS sites.
4. Using a collection process improvement team to evaluate the use of Predictive Dialer for identifying specific types of workload inventory that may be more responsive to outbound call attempts.

We expect that these actions will result in our resolving customer accounts in ACS more quickly and efficiently

Our comments on the recommendations follow:

RECOMMENDATION 1

The Director, Compliance, Small Business/Self-Employed Division, with the assistance of the Director, Customer Account Services, Wage and Investment Division, when appropriate, should improve the process for setting the Customer Service Representative (CSR) Level of Service (LOS) objective for the ACS so that it is linked to the available resources.

ASSESSMENT OF CAUSE

We usually establish the Level of Service objective on the basis of prior year expectations and achievements

CORRECTIVE ACTION

The Small Business/Self-Employed Division has contracted with the JOC to provide scheduling information that we will use to project LOS goals based on various resource levels.

IMPLEMENTATION DATE

October 1, 2003

RESPONSIBLE OFFICIAL

Director, Compliance Policy, Small Business/Self-Employed Division

CORRECTIVE ACTION MONITORING PLAN

We will continue to monitor the Level of Service weekly.

RECOMMENDATION 2

The Director, Compliance, Small Business/Self-Employed Division, with the assistance of the Director, Customer Account Services, Wage and Investment Division, when appropriate, should improve the data collection systems to provide better information for planning and managing the ACS operations and for allocating resources to the ACS work processes (i.e., inbound calls, outbound calls and inventory work) in a way that

provides the optimum balance of customer satisfaction, tax revenue, and return on investment.

ASSESSMENT OF CAUSE

The ACS telephone system (Aspect), the ACS inventory system, and the JOC monitoring systems are stand-alone systems. Each ACS call site houses a separate database. We have not integrated these stand-alone systems. Therefore, we cannot secure timely reports.

CORRECTIVE ACTION

To remedy the situation, SB/SE has:

1. Submitted a Request for Information Services to consolidate the ACS inventory databases;
2. Requested additional reports from the JOC;
3. Added a Systems Analyst position to the Compliance Center Collection Staff. The Systems Analyst will be based in an ACS call site and will compile consolidated reports; and,
4. Convened a reengineering team, with contract support, to identify the cause and effect relationships that exist between the ACS activities (phone calls, letters, levies and liens) and responses from taxpayers. Upon completion of this workstream, SB/SE ACS management will have the basis for developing improved collection strategies and work plans.

In addition, recent revisions to the Work Planning & Control (WP&C) time reporting system will allow us to identify the hours spent on phone calls and hours spent working inventory. The system was changed October 1, 2002.

Upon completion of corrective actions 1,2,3 and 4, the ACS enterprise will have the ability to secure and improve analysis of system data, within the constraints of existing systems architecture. The improved data collection and analysis will ensure more informed resource allocation decisions.

IMPLEMENTATION DATE

1. ACS Database consolidation is scheduled for January 1, 2004
2. Additional reports available - April 1, 2003
3. Systems Analyst hired - April 1, 2003
4. Team recommendations due October 1, 2003

RESPONSIBLE OFFICIAL

Director, Compliance Policy, Small-Business/Self-Employed Division

CORRECTIVE ACTION MONITORING PLAN

The Small Business/Self-Employed Division JOC Liaison and the Compliance Center Collection Program Director will schedule biweekly conference calls to discuss program reports and possible restructuring of work processes.

RECOMMENDATION 3

The Director, Compliance, Small Business/Self-Employed Division, with the assistance of the Director, Customer Account Services, Wage and Investment Division, when appropriate, should explore the availability of simulation tools that could be used to analyze and improve the ACS operations and business process.

ASSESSMENT OF CAUSE

We have not explored the availability of simulation tools.

CORRECTIVE ACTION

The Small Business/Self-Employed Division JOC Liaison will contact the JOC to determine simulation tools currently used and additional tools available that could help improve ACS operations.

IMPLEMENTATION DATE

June 1, 2003

RESPONSIBLE OFFICIAL

Director, Compliance Policy, Small Business/Self-Employed Division

CORRECTIVE ACTION MONITORING PLAN

The JOC Liaison will provide a report to the Director, Compliance Policy, Small Business/Self-Employed Division by June 1, 2003.

RECOMMENDATION 4

The Director, Compliance, Small Business/Self-Employed Division, with the assistance of the Director, Customer Account Services, Wage and Investment Division, when appropriate, should continue efforts that are underway to establish more effective methodologies to forecast call volumes, identify resource needs, and schedule staff.

ASSESSMENT OF CAUSE

Not applicable

CORRECTIVE ACTION

The Small Business/Self-Employed Division has contracted with the JOC to provide scheduling and forecasting products. Small Business/Self-Employed also initiated a process improvement team, with Booz-Allen consultants, to determine response rates to different letters and different types of ACS calls to taxpayers.

IMPLEMENTATION DATE

Completed December 31, 2002

RESPONSIBLE OFFICIAL

Director, Compliance Policy, Small Business/Self-Employed Division

CORRECTIVE ACTION MONITORING PLAN

Not applicable

RECOMMENDATION 5

The Director, Compliance, Small Business/Self-Employed Division, when appropriate, should formally establish management accountability that more clearly defines the roles and responsibilities for the two Small Business/Self-Employed Division functions with authority for overseeing the ACS program.

ASSESSMENT OF CAUSE

After standup of the division, the Compliance Center Collection program was not completely staffed. Therefore, some of its responsibilities fell to the Compliance Services staff.

CORRECTIVE ACTION

The Compliance Center Collection program is completely staffed, and the analysts in the Compliance Services operation now report to the Program Director, Compliance Center Collection. Program responsibilities are clearly defined.

IMPLEMENTATION DATE

Completed December 31, 2002

RESPONSIBLE OFFICIAL

Director, Compliance Policy, Small Business/Self-Employed Division

CORRECTIVE ACTION MONITORING PLAN

Not applicable

If you have any questions, please call me at (202) 622-0600, or call Joseph R. Brimacombe, Deputy Director, Compliance Policy, Small Business/Self-Employed Division, at (202) 283-2200.